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South Carolina House of Representatives

Legislative Update & Research Reports

Ramon Schwartz, Jr., Speaker of the House

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LEGISLATIVE UPDATE

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INTRODUCTION

This issue of Legislative Update will briefly review selected issues of the 1984 session. This retrospective highlights developments through Tuesday, May 29th.

Section One will cover the major issues which faced the General Assembly, several of which are still pending at this date. Section Two will examine certain individual bills which have already aroused interest among members of the House and their constituents.

Section One: MAJOR ISSUES

Six large issues dominated the General Assembly during the 1984 session: Senate reapportionment, the general appropriations bill, the Education Improvement package, the lawsuit against the state Department of Corrections and its possible settlement, the Spending Limitation package and the potential compromise between the Judiciary and the General Assembly over rule making for the courts.

Senate Reapportionment

Act 257 of 1983 is the Senate Reapportionment plan which was adopted during the Special Session of the General Assembly last fall. Under the Voting Rights Act of 1965, it is necessary for that plan to receive approval (or "preclearance") from the national government before elections, using the districts established in that plan, can take place.

Such approval can be obtained either through application to the U. S. Department of Justice or adjudication in Federal Court. Late last fall, legal action was instituted in the Federal District Court for the District of Columbia by the State of South Carolina to preclear Act 257. Both the NAACP and the Department of Justice joined the suit.

Discovery was completed on May 25, 1984, with over 90 depositions having been taken. In the meantime, Senate elections have been indefinitely postponed both as a result of the filing of candidates accomplished earlier this spring being disallowed by the court as well as the fact that the trial is now scheduled for July 16th, barely a week before the Senate primaries were to occur under the initial postponement resolution adopted when the trial date was June 12th.

General Appropriations Bill

(H.3267 - passed House; on second reading in Senate)

After three years of budget cuts, South Carolina appears to be coming out of the recession with a \$2.5 billion appropriation bill for FY 84-85. The biggest factor is the additional one cents sales tax earmarked for the Education Improvement Act. Other factors: a 9% growth rate projected by the Board of Economic Advisors, the repeal of indexation, a \$26.7 million transfer from the Health Insurance Reserve Fund, and a mid year revenue adjustment of \$25 million. The result: a total of \$2,373,441,400 in General Fund Revenues. General Fund expenditures total \$2.334 billion and an additional \$192.9 million will be spent in the "move to quality education."

Public Education (Also see separate "Education Improvement Package" section, page 5)

The 1984-85 Appropriation Bill includes funding for public education through three sources: First, appropriations from the 1983-84 surplus, with \$3 million for school bus purchases. Second, General Fund appropriations for the Department of Education are projected to increase by over \$70.5 million with the Education Finance Act funded at 99.5% of full funding. An additional \$5.8 million will be available for fringe benefits for public school employees. New school bus purchases will be increased by \$12.5 million, with an additional \$5.6 million utilized to reduce the distance between school bus stops. Also incorporated in the bill is \$3.6 million for textbooks and \$950,000 for adult education.

An increase in the sales tax from 4¢ to 5¢ provides the third source of funding for education. Three major items of the proposal are the teacher pay increase, the remedial program and school building aid. The House adopted \$59.5 million dollars for state salary supplements (with an additional \$8.9 million for fringe benefits) in an attempt to bring South Carolina teachers' salaries to the southeastern average.

The House approved \$59 million for remediation in the basic skills. Other actions to improve the basic skills include: Early Childhood Development, exit examination for graduation, and establishment of basic skills tests for science. Allocated for school building aid is \$36.4 million to be distributed to the school districts on a per pupil basis.

Higher Education

The budget for the State's 18 colleges and universities will be increased \$8.6 million in an attempt to bring them up to full formula funding over a three year period. The 16 Technical Schools can anticipate \$6.5 million for equipment, curricula and training workers for new industries.

Judicial and Corrections (Also see separate "Prison Overcrowding" section, page 6)

The Judicial branch of government has been allocated funds for the Defense of Indigents, the Appeals Court, and salary increases. SLED is scheduled to receive \$890,655 in new money. In the Attorney General's office, \$350,000 will be appropriated for a new program called the Victim/Witness Program.

In an effort to comply with the terms of settlement for the Nelson suit against the Department of Corrections, the House approved an increase of \$24.4 million. Fifteen million dollars of this amount is FY 83-84 surplus funds and will be used for capital improvements. The remainder is necessary to annualize two new institutions partially funded in the FY 83-84 budget, hire additional security guards and related positions, and cover increased operating expenses. Paroles and Community Corrections will use most of its new money to hire 36 additional parole agents.

Health & Human Services

Total appropriations for the Department of Health and Environmental Control increase by \$3.8 million, including money to monitor the environmental activities at the Savannah River Plant, regional and county Emergency Medical Services programs, rural water and sewer grants, county health departments, Family Planning and Venereal Disease programs, and field and lab equipment. Five million dollars and 38 new positions were added to the Department of Mental Health.

The House approved funds in the Department of Mental Retardation for community based programs and home based early intervention. Alcohol and Drug Abuse will receive money for out patient/support services, and \$200,000 to expand the school intervention program for high schools desiring this service.

Of the \$12.5 million approved for DSS, \$3 million is for the medicaid program and \$2.8 million to expand the Community Long Term Care System throughout the state. A new medicaid program for the Medically Needy has been created with a \$4.3 million appropriation to meet the health needs of pregnant women and young children. Foster care payments will be increased by \$1 million and residential care (Boarding Homes) will receive \$446,000 in new funds for FY 1984-85.

Natural Resource and Economic Development Agencies

The natural resource agencies saw substantial gains in their budgets for FY 84-85: the Water Resources Commission, the Forestry Commission, and the Department of Agriculture all received increased budgets. Also enlarged were Public Service Activity operating expenses at Clemson University, the Wildlife and Marine Resources Department, and the Development Board.

Other Actions

Under the State Library, per capita spending for Aid to County Libraries has been increased from \$.75 to \$1.00, a total of \$782,414.

In 1975, a "freeze" was imposed on revenue returned by the state to political subdivisions. For FY 85 an increase of \$27.6 million is allocated to remove the freeze and to fully fund Aid to Subdivisions.

The House version of the FY 1984-85 budget contains \$49 million for pay raises and fringe benefits for state employees, and \$1.3 million more for retirees.

Senate Finance Committee Changes

Deleted the House increase of the Nuclear Waste Tax from \$4 to \$8, returning the rate to \$4/cubic foot of low level radioactive waste and also returning that tax to the general fund instead of having it as a funding element of the Education Improvement Act.

Deleted the \$22 credit/refund to compensate taxpayers for the increase on food sales tax.

Deleted increased vacancy factor (i.e. that factor that reflects the time when a position is not filled when employment turn-over occurs) at an additional cost of \$7.5 million.

Increased state employees base pay to 6% instead 5% adding \$7.2 million. Added retirement factor to be funded out of general fund increasing retirees' base; cost: \$1.3 million plus possible issue of setting precedent.

In higher education, the Senate Finance Committee went to full formula funding immediately as proposed by Higher Education Commission for an increase of approximately \$20 million. Concerning the Education Improvement Act, the Committee added \$19.3 million for the capital improvement section of the package and \$3.7 million in other sections.

Increased aid for AFDC recipients by approximately \$2.15 million.

The Committee also added \$750,000 for new data processing equipment and personnel for the Tax Commission. It is estimated that these changes will enhance collections of out-of-state tax liabilities by approximately \$2.7 million.

Education Improvement Package

The "Education Improvement Plan" passed by the House as part of the appropriation bill is one of the most discussed pieces of legislation in many years. Funding level for the first year as passed by the House would be \$192,912,289. Changes proposed by the Senate Finance Committee would bring that to \$215,265,860. In brief, the House passed version would have funded the following elements:

1) Raise student performance by increasing academic standards

Require additional graduation requirements, strengthen student discipline and attendance, and make better use of classroom time. Special students--the talented, the vocationally-oriented, and the handicapped--will be better provided for.

2) Strengthen the teaching and testing of basic skills

An exit exam will be required for graduation. A promotion policy will be instituted. Programs will be available to strengthen basic skills for students. There will also be remedial programs for students who do not meet basic skills requirements for the first grade. SLED will have 5 extra agents per congressional district to enforce drug laws in schools.

3) Elevate teacher profession by strengthening teacher training, evaluation and compensation

Secondary schools will emphasize teaching as a career; so will colleges and universities. There will be a loan program to help students become teachers in areas with critical shortages.

Raise teachers' salaries: In FY 85 the base pay will be \$14,172. The state will try to keep teacher pay at the Southeastern average. Starting in FY 86 only teachers showing at least minimum knowledge proficiency will be employed.

Raise standards for teacher education programs; select colleges for centers of excellence in education; improve teacher in-service training. Increase the school year from 185 to 190 days, and use the 5 new days for in-service. Reduce teacher paperwork load. Evaluate teachers on a regular basis and weed out unsatisfactory ones.

4) Improve leadership, management and fiscal efficiency

Recruit able principals and administrators, provide effective training and evaluation programs for them. Weed out unsatisfactory school leadership.

5) Implement quality controls and reward productivity

Reward schools for performance and progress through an incentive grant program for schools, which rewards schools who make gains in attendance, attitude and parent participation.

6) Create partnerships between schools, parents, community and business

The Department of Education will develop policies to bring education closer to parents, business and the community.

7) Provide school buildings

Funds will go to school districts on a per pupil basis for school buildings. If the district has had a major capital improvement program in the last 5 years, 50% of the funds must be used to reduce millage.

Prison Overcrowding: Nelson v. Leeke

Inmates in the S.C. Correctional system brought suit in 1982 (Nelson v. Leeke, et. al.) protesting conditions in the State's Correctional facilities. Responding to threats of adverse actions in Federal Court resulting from the this law suit, the House has taken two specific actions: authorization of operating and capital expenses in the '84-'85 Appropriations Bill; and a Bond Bill authorizing incurring capital debt for further capital needs. These actions meet the initial elements of the proposed settlement.

The Senate Finance Committee has retained the elements of the Appropriations Bill relating to the settlement. The Committee has also added a proviso stating that it "finds that the proposed Consent Agreement agreed to in principle by the South Carolina Department of Corrections in February, 1984, is in the best interest of the State, and the named defendants in the law suit are authorized to enter into the proposed Consent Agreement." The proviso also recognizes officially on the part of the General Assembly that "substantial additional funding in the near future" or other remedies for escalating prison populations will be needed. This proviso is significant as it would represent to the Court the General Assembly's acceptance of this agreement rather than just the Department of Corrections; it resolves any doubt as to the authority of the Department to enter such an agreement.

The courts have consistently maintained that they have the power--and the responsibility--to command states to take remedial actions to correct substandard prison conditions. The courts have not hesitated to enforce their decisions through strict actions if these remedial steps are not taken. They can hold officials in contempt of court and have even taken over entire prison systems when the remedial actions were not taken promptly.

The areas to be addressed:

Housing--an end to overcrowded conditions. Staffing will be increased so it is appropriate for the size of the inmate population. The Environment of facilities will be improved; in particular, fire and life safety systems will be fully modernized.

Programs for prisoners will include educational courses, exercise privileges, and use of the library. Classification of prisoners will separate violent from non-violent inmates. Women's Correctional Institutions will have the same opportunities as those for men. Food Services and Health Services will meet accepted standards.

Spending Limitation

(H.2151 & H.2152 - passed House, in Senate Finance Committee)

Spending limitation legislation has been a concern for several years. Many proponents have felt that unless the measure were rooted in the state constitution it could be changed too easily. This package which has passed the House includes a proposed constitutional amendment which would be submitted to the voters in November as well as enabling legislation. While referred to as a "spending limit," the package is much more wide ranging. The elements of the package are discussed below.

A balanced budget: The proposal directs that there be a budget process to ensure that expenditures not exceed revenue.

The spending limit: The proposed constitutional amendment directs that there shall be a limitation on spending provided by law. The driving mechanism for the limits as proposed fall basically into two categories:

- 1) where a previous year appropriation figure (either the amount actually appropriated or the maximum that could be appropriated under the limit) is increased by the average rate of growth in state personal income for the preceding three years; or
- 2) state personal income for the preceding calendar year multiplied by a fixed rate.

An employee limit: The proposed constitutional amendment directs that there will be a limit on the growth of the number of state employees. The proposed statute mandates that the ratio of employees to total resident population remain constant therefore insuring that employee growth will not exceed population growth.

General fund reserve reduction: The general fund reserve is currently set at 5% of general fund revenue for the last completed fiscal year. The "spending limit" bill would reset it at either 3% or 4%. A further change would allow the General Assembly to establish a repayment schedule by statute when it becomes necessary to use money from the reserve. The existing constitutional provision mandates a repayment schedule with full restoration being accomplished within three fiscal years.

Debt service limit: The purpose here is to limit the issuance of general obligation bonds by setting a limit on annual debt service. The current constitutional limit is 7%; this has been reduced to 5% by statute.

New and increased general taxes: This restates the existing statutory prohibition on new general taxes or tax increases in the appropriation bills.

Tax credits: This provision would make available tax credits to employers who create new jobs under specified conditions in designated counties.

Special votes: The package includes a special provision in the constitutional amendment requiring the vote of a super-majority of legislators in future General Assemblies to amend what proponents see as key portions of companion statute.

Judicial Rulemaking: a Possible Compromise

Two pieces of legislation introduced in the House this session, (H.3892, H.3893) are the result of efforts to arrive at a compromise between the Supreme Court and the General Assembly on the issues of rule-making and equity jurisdiction with the Court.

Events leading up to the conflict between the Court and the General Assembly started in 1979 with the passage of the Court Register Act and the adoption by the Court of Supreme Court Rule 40. These two vehicles combined to set out the method for making rules of practice and procedure in the courts. The Act and Rule 40 provide for the Supreme Court to make such rules. Upon proposing rules, the Supreme Court was to provide notice and hearing. If adopted, rules would be forwarded to the Judiciary Committees during January of each legislative session. Rules would become effective in 90 days if not rejected by vote of a simple majority of the members of each house of the General Assembly.

Difficulty arose when administrative and procedural rules for magistrates' courts were twice submitted by the Supreme Court and twice rejected by the General Assembly. Since the second rejection in April 1980, the Supreme Court has promulgated rules without submitting them to the General Assembly.

Next, the Supreme Court issued an August 31, 1982, order which interpreted language contained in Article V, Section 4 of the Constitution as giving the General Assembly no authority in the making of rules for the courts.

In response to these actions, the General Assembly adopted Joint Resolution 152 of 1983 proposing amendments to Article V of the Constitution. The amendments, dealing with the Court of Appeals and rule making and to be presented to voters at the general election in November 1984, were the object of much intense debate.

Throughout the period of controversy between the Supreme Court and the General Assembly efforts at compromise have been extensive. Recently, representatives from the Court and the General Assembly were encouraged by the S. C. Bar to sit down again to discuss their differences with a fresh approach possibly resolving them. A joint meeting ensued and as a result a compromise proposal was submitted to the House Judiciary Committee which in turn introduced H.3892 and H.3893.

The Joint Resolution (H. 3893) would amend Joint Resolution 152 of 1983 to delete the constitutional amendments and ballot questions concerning rule-making power and the equity jurisdiction of the

Supreme Court. The only constitutional change, and hence the only ballot question remaining from the prior Joint Resolution, would concern the inclusion of the Court of Appeals in the Constitution.

The Bill (H. 3892) would amend Section 14-3-950, which is part of the Court Register Act of 1979. The effect of the amendment would be to require that when rules are submitted by the Supreme Court to the General Assembly, a vote of 2/3 of those present and voting in each house would be required to reject such rules. Two Senate measures (S.1032, a bill; S.1047, a Joint Resolution) also address this question. S.1032 would require a 2/3 vote to disapprove rules; S.1047 would require a 3/5 vote to reject them. This would assure the Supreme Court that the General Assembly could not arbitrarily reject any rules submitted by the Court.

Section Two: INDIVIDUAL BILLS

The following pieces of legislation have received attention both from members of the House and from their constituents. Questions and comments concerning these bills seem to have been higher than for other measures debated by the House this year.

The bills discussed are divided into four major categories:
1) Law, Crime & Government, 2) Energy & Natural Resources, 3) Social, Communal & Recreational, and 4) Taxes, Revenues, Business & Commerce.

Law, Crime & Government

Guilty But Mentally Ill

(H.2064 - passed House and Senate; ratified as R.458)

This Act establishes a new verdict in criminal cases--"Guilty but mentally ill." A person who cannot distinguish between moral or legal right and wrong and cannot recognize his actions as being morally and legally wrong can claim the defense of insanity. Under this Act a defendant is guilty but mentally ill if he can recognize his action as being morally or legally wrong at the time he commits it, but does it anyway.

The defendant's inability to conform his conduct to the law can be caused by mental disease or defect--thus the "mentally ill" part; the defendant's knowledge that his act was wrong makes up the "guilty" part.

Termination of Parental Rights by Family Court
(H.2584 - passed House and Senate; ratified as R.303)

This law amends reasons and procedures to terminate parental rights to protect children. The Family Court is authorized to take this step in cases where children are neglected, abandoned, or in serious danger at home. There are six general grounds for terminating parental rights:

- 1) The child has been harmed and is likely to be harmed again because of conditions in the home.
- 2) The child has already been removed from the home because of a dangerous situation and the parent has not remedied the situation.
- 3) The child has lived outside the home for six months and the parent has wilfully failed to visit the child.
- 4) The child has lived outside the home for six months and the parent has failed to support the child.
- 5) The presumptive legal father is not the biological father and the welfare of the child would be best served by terminating the rights of the presumptive father.
- 6) The parent has a condition unlikely to change and dangerous to the child--such as alcohol or drug addiction, mental illness, or extreme physical incapacity.

Open Containers of Beer or Wine in Automobiles
(S.106 - passed Senate and House; ratified as R.264)

This law makes it illegal to have open containers of beer or wine in the passenger section of automobiles. The penalty for breaking this law is \$100 or 30 days.

Victim's and Witness's Bill of Rights
(S.769 - Ratified as R. 487)

This law is "to ensure that all victims and witnesses of crime are treated with dignity, respect, courtesy, and sensitivity." The following Rights for victims and witnesses are set forth and provided for:

A right to be treated with dignity and compassion. Basic human services should be provided to meet emergency and long term needs caused by financial, physical or psychological injury.

A right to protection from intimidation and harm. Law enforcement agencies shall take steps to protect the victim or witness, both in and out of court.

A right to be informed concerning the criminal justice process. The solicitor's office should keep them informed about court procedures, how the case is progressing, and what rights they have as victims or witnesses.

A right to reparations. Witnesses have the right to reasonable witness fees and reimbursement for expenses. Victims have the right to compensation through the South Carolina Crime Victim's Compensation Fund. The judge may also order restitution as part of the sentence or as condition for probation or parole.

A Right to preservation of property and employment. Witnesses should not have their jobs endangered by appearing in court. Victims have the right to have their stolen property returned as soon as possible by law enforcement agencies.

A Right to due process. The speedy disposition of a case is stressed to minimize the stress, cost and inconvenience to the victim.

Victims and witnesses who are very young, elderly, handicapped or have special needs have a right to special recognition and attention. The courts, law enforcement agencies and medical and social service agencies have a responsibility to meet these needs as much as possible. Closed or taped sessions for testimony may be ordered as necessary. The bill would also provide for the state to pay for medical examinations in rape and sexual assault cases.

Uniform Magistrate's Summons

(S.299 - passed Senate and House; in Conference Committee)

Would provide a uniform, statewide nontraffic ticket which could be used to make warrantless arrests. Such arrests are made in relatively minor cases where the offender is detected and apprehended by a law officer while the offense is being committed. One such offense is having open containers in automobiles, and enforcing that law is a prime reason for this proposed legislation. Other offenses include purchasing beer or wine while under the legal age, ticket scalping, cock fighting and glue sniffing.

Blue Laws

(H.3396 - passed House; on second reading in Senate)

To resolve the long-standing controversy concerning the Blue Laws this legislation would provide for a statewide referendum during the 1984 general election. Voters would be asked if they support or oppose suspending the Blue Laws after 1:00 pm on Sundays.

Computer Crimes

(S.919 - passed Senate; ordered to third reading in House)

Recent advances in computer technology have made it important to protect such systems from unauthorized entry. This legislation would establish definitions and punishments for "computer crime." First degree offenses would consist of using a computer system to commit fraud or other crimes, altering or destroying a system, or theft of computer equipment or information. Second degree crimes would consist of 'hacking'--getting access to a system but without the intent to commit further crimes.

Environment, Energy & Natural Resources

Geothermal Resources

(S.320 - passed Senate and House; ratified as R.428)

Geothermal resources are those which are produced by the heat of the earth, such as natural steam. The technology has been developed to make use of these resources in generating energy such as electrical power, operating machinery, etc. This act puts such resources under the control of the Budget and Control Board, which can issue leases for the development of geothermal resources.

Tax Credits for Water Impoundments

(S.63 - passed Senate and House; ratified as R.445)

Water impoundment occurs when dams, dikes or other restraints are used to create man-made lakes or ponds. This act allows a tax credit up to 25% (or \$2,500 per year) on the expenditures required for the construction and installation of water impoundments which are "designed for the purposes of water storage for irrigation, water supply, sediment control, erosion control or aquaculture and wildlife management."

Attorney General to be Notified of Water Rights Cases
(H.2623 - passed House; in Senate Judiciary Committee)

This legislation would require that the Attorney General be provided with a copy of proceedings involving water rights in the state. Intervention would be allowed to intervene in cases "in which the Attorney General determines that the interests of the state are directly affected." Water is being seen more and more as an important natural resource of the state which must be protected effectively, used responsibly and distributed fairly.

Social, Communal & Recreational

Raising the Drinking Age
(H.2080 - passed House and Senate; ratified as R.483)

Every year thousands of people are killed on our nation's highways. One of the major causes of automobile accidents is driving under the influence of alcohol; tragically, many of these victims are young people. Just as tragic is that many of the accidents are caused by youths under the influence.

This law raises the legal age for purchasing beer and wine to 19 immediately and raises it to 20 on January 1, 1985. The national trend has been to raise the legal drinking age.

The State Dance--The Shag
(H.3591 - passed House and Senate; ratified as R.362)

This piece of legislation honors the Shag as the official dance of South Carolina. The Shag deserves the honor, supporters say, because it was born on the South Carolina coasts and is "one of the great developments in terpsichorean culture."

Terpsichore (terp-'sik-a-ree) was the Greek Muse of dancing and choral song. Whether she did the shag is not known. Probably she did.

State Fruit, Beverage and Shell
(S.735 - passed Senate and House; ratified as R.378)

South Carolina grows more peaches than any state east of the Mississippi River, including Georgia, which has the insufferable gall to dub itself "the Peach State." Spartanburg County alone

grows more peaches than our disreputable neighbor to the south. In 1981 the South Carolina peach crop was 430,000,000 pounds; the Georgia crop was too small to bother counting. Because of the valuable, healthful and colorful contributions of the peach it has been named the official state fruit.

Milk, "nature's most perfect food," is also abundant in South Carolina, and is a natural complement to peaches. This act installs milk as our state beverage. It is legal to drink milk on the State House grounds!

The "Lettered Olive" shell is found along South Carolina beaches. Its markings resemble Egyptian hieroglyphics, hence its name. It was discovered by a Charlestonian, Dr. Edmund Ravenel. All these reasons make it especially appropriate for it to be our state shell.

Death Determination

(S.330 - passed Senate and House; ratified as R.378)

When are you dead? When your breathing stops? When your heart ceases to beat? Medical science can now keep the body functioning--but is it "alive?" This bill would more precisely define death.

It proposes two criteria for determining death. A person is dead if there is irreversible cessation of either: 1) circulatory or respiratory functions; 2) all functions of the entire brain, including the brain stem.

The whole brain is considered because the upper brain is responsible for our "conscious" or "higher" operations, such as the senses, use of the muscles, thinking; the lower brain is responsible for automatic functions of the body such as breathing, heart-beat and circulation.

Workman's Compensation Expanded

(S.283 - passed Senate and House; ratified as R.486)

This legislation would exempt quadraplegics, paraplegics and persons who have suffered physical brain damage from the limitation of five hundred weeks to receive workman's compensation payments. They would be eligible to receive benefits for life. However, the benefits could not be paid out as a total lump sum payment.

Taxes, Revenues, Business & Commerce

Accommodations Tax

(H.2186 - passed House and Senate; ratified as R.347)

This measure imposes a 2% additional tax statewide on rentals to transient accommodations, including campgrounds. The income from the tax will be pooled together and distributed in the following fashion:

Every county will be guaranteed a minimum of \$50,000. Counties who collect less than \$50,000 will have the difference made up by the general pool.

Counties which collect more than \$50,000 but less than \$400,000 from the tax will receive a \$15,000 subsidy from the general pool.

Counties who collect over \$400,000 will have a percentage of the amount over \$400,000 collected withheld for the general pool. After the pool is taken care of all other funds go to the county where they were collected.

Parks, Recreation and Tourism estimates that around \$8 million will be collected during the first year the tax is imposed. Individual counties will receive revenues ranging from the minimum of \$50,000 to \$2.5 million for Horry County.

Interstate Banking

(H.3743 - passed House and Senate; ratified as R.456)

This legislation allows South Carolina to participate in a system of regional interstate banking. It enables South Carolina banks and bank holding companies to acquire other banks or bank holding companies whose principle place of business is located in the Southern Region--Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.

The act allows for reciprocity enabling Southern Region banks and bank holding companies to acquire South Carolina banks and bank holding companies. Before these transactions are implemented they would have to be approved by the State Board of Financial Institutions.

Bond Bill

(H.3801 - passed House; on second reading in Senate)

This legislation would provide additional capital improvement bonds to be issued by the state. The major construction to be funded through these bonds would be correctional facilities required under the settlement in the Nelson law suit. Tentative allocations for bond revenue are:

Correctional Construction	\$ 44,018,800
College of Charleston Science Center	4,800,000
Mullins Armory	593,000
Moncks Corner Armory	338,000
Lander College	6,404,740
Visitor Information Center	700,000
Boyleston House Renovation Project	333,300

The funds for the Mullins and Moncks Corner Armory represent matching money required to get a grant from the federal government.

95% Budget Limit

(H.2881 - passed House; in Senate Finance Committee)

In January 1984, the House approved a proposed constitutional amendment which provides that after 1990, the General Assembly would not be able to appropriate more than 95% of anticipated general fund revenues. Furthermore, it provides for a phase in period beginning in 1986 when the General Assembly would "reduce the annual General Fund Operating Budget by one percent until the annual General Fund Operating Budget is not in excess of ninety-five percent of the annual official revenue estimate." This is essentially the same provision adopted as a permanent provision in the FY 1983-84 Appropriations Act and now found in Sec. 11-11-120 of the S. C Code of Laws.

H.2881 also proposes that the general fund reserve be reduced from the current 5% to 3%.

Electric Co-Op Bill

(S.696 - passed Senate and House; ordered enrolled for ratification)

As municipalities expand they begin to move into service areas of electric co-ops. Until now cities could decide what entity would provide city residents with electric service. Co-ops fear that municipal encroachment as the cities annex new areas will leave

them with fewer customers, higher rates, and eventually, no business. Municipalities assert their constitutional and legal rights to regulate services within their boundaries, including delivery of electric power.

This legislation would make it state policy "to maintain the assignment of electric service territories by the Public Service Commission ... even when the area becomes incorporated or annexed into an existing city or town." In other words, co-ops could keep their customers subject to PSC's review.

The Public Service Commission has the authority and jurisdiction to conduct hearings and make rulings affecting the territories assigned to electric providers, both co-ops and municipalities. The PSC is charged with protecting existing service area assignments.